INFORMATION LETTER

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PRELIMINARY STATEMENT, NEW RENEGOTIATION STATUTE

Administrative Exemption of One or More Canned Items Provided on Certain Conditions

In the Revenue Act of 1943 which, on February 25, 1944, was passed over President Roosevelt's veto, Congress substantially amended the original statute providing for renegotiation of other contracts. This original act of April 28, 1942, was explained in INFORMATION LETTERS No. 905 for October 17, 1942, and No. 933 of May 8, 1943.

In general, the provisions of Title VII of the Revenue Act of 1943, which embrace the renegotiation law amendments, contain many changes of interest to the canning industry. An automatic exemption from renegotiation is afforded to all canners whose total renegotiable business in any fiscal year is less than $500,000. For practical purposes, this means that if any canner in his usual fiscal year did not sell $500,000 worth or more in the aggregate to the Army, he is automatically exempted from renegotiation. This would appear to be true even though he may have entered into contracts which contained renegotiation clauses. This $500,000 exemption covers any fiscal year ending after June 30, 1943.

On the other hand, despite some current misunderstandings, the new law does not provide that the first $500,000 of any processor's sales to the Government are to be excluded from renegotiation. If the total business done exceeds $500,000 in any one taxable year, *all* renegotiable business done with the Government is subject to renegotiation.

As finally enacted, the new law did not include any automatic exemption for processors of seasonal fruits or vegetables. The House had adopted such an exemption; the Senate had refused to pass it; and it was ultimately left out by the Conference Committee. The new law, however, affords the opportunity for administrative exemption of any one or more processed fruits or vegetables where the new War Contracts Price Adjustment Board determines that competitive conditions are such that the Government can reasonably be protected against excessive prices.

The new law likewise makes many administrative improvements, detailed below, which have the dual effect of protecting the contractor, and at the same time of converting a previously rather vague law into a fairly definite, supplementary taxing statute. Finally, detailed court review machinery is established.

As in the case of any tax statute or other Congressional enactment, the interpretations which will largely govern its administration will be embodied in regulations to be issued in the near future by the Price Adjustment Board. Consequently any analysis made at this time must confine itself to the bare provisions of the statute. These are presented in considerable detail in this preliminary statement. The specific regulations which may, from time to time, be issued by the Price Adjustment Board will likewise be reported when issued.

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Review of Occupational Deferments is Ordered

Regulations on Essential Employees Unchanged but Canners Should Prepare Data on Key Men

Analyzing President Roosevelt's request for an immediate review of occupational deferments, and suggesting steps canners should take to retain essential employees, the Association's Manpower Division, on March 1, sent the following bulletin to all canners:

The retention of essential and irreplaceable key employees for the 1944 season is so necessary that this bulletin seems in order.

On February 26, the President released a memorandum directed to Paul V. McNutt, Chairman of the War Manpower Commission, and to General Hershey, Head of the National Selective Service System, asking for an immediate review of the occupational deferments of all registrants and the induc-

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Labor Mobilization Program for the Food Processing Industry

WMC Issues Recruiting Instructions in Preparation for Forthcoming Food Packing Seasons

The Rural Industries Division of the Bureau of Placement, War Manpower Commission, has issued field instructions to regional and local representatives of the United States Employment Services for the recruiting of labor for the food processing industry. The following summary of those instructions was sent to all canners by the Association's Manpower Division:

General Character of the Program

Plans for 1944 should be premised on the assumption that there will be at least a normal crop of fruits and vegetables, and that a most intensive labor recruitment program will be necessary if commodity losses are to be avoided.

Any slack in production will be comparable in its effects to a decrease in the production of armament or other material used in combat.

Observations and Conclusions by Regional Manpower Offices

The extent of cooperation between employers in the canning industry and the field representatives of WMC was greater in 1943 than in any preceding year. Opportunity remains for the building of a much closer working relationship between these two groups, especially in developing and executing publicity and recruitment plans.

The movement of labor from one area to another will involve, to a greater degree than before, the furnishing of transportation to the workers and the providing of housing facilities at the place of employment.

There is general agreement that publicity will be more effective if it is better timed, and if there is greater coordination between the programs sponsored by either WMC or employers.

Determination of Labor Requirements

The labor mobilization program contemplates the obtaining of data on seasonal food processing labor requirements as early as possible in 1944. It is essential that each USES local office serving food processing plants discuss with plant managers their production figures and anticipated labor recruitment problems as far in advance of the start of the active processing season as possible. Employers can cooperate by ascertaining the numbers of their former workers who will be available for 1944 operations.

Labor Mobilization

The recruitment of labor for food processing plants is one which cannot be blue printed on a nation-wide scale. Each State and local office must determine which methods are most adaptable to its requirements.

Some housewives can accept full time employment, but many of them are not able to work more than part time in addition to maintaining their homes.

Many students are able to carry a part time job in addition to their school work.

The ordinary publicity methods are not always successful in reaching or appealing to these groups of workers. Many local offices found it necessary to conduct house-to-house canvasses of their communities in order to fill their employer orders.

There is a general agreement that in 1944 there will be increasing difficulty experienced in obtaining the necessary male workers for the heavier jobs in food processing plants.

Prisoners of War.—Negotiations are now under way with the War Department looking to the establishment of additional permanent or sub-camps from which prisoners of war may be obtained for seasonal food processing requirements. There is reason to believe that in 1944 this source of labor will be more generally available than in 1943. Regional and State offices should survey their needs for prisoners-of-war labor and establish the necessary supporting statements as early as possible if additional camps are deemed desirable. All requests by employers for such labor must be made at local USES offices and certified by WMC.

Soldiers and Sailors on Leave.—Present indications are that the current agreements covering the use of soldiers and sailors on leave for food processing activities will continue in force in 1944. Soldiers and sailors, however, are not to be considered for employment until the possibilities of all other labor resources, including clearance orders, have been exhausted, and when it is certain that serious crop losses are imminent because of critical labor shortages.

Part-time Workers.—It has been possible in many cases through the cooperation of other employers, to obtain the services of these workers either for short periods each day during the canning season or during their vacation periods. It is suggested that large employers, outside of the canning industry, who have established vacation period policies, be approached regarding the possibilities of scheduling employee vacations, as far as possible, during seasons of canning labor demand.

Timing of Recruitment.—Planning for recruitment should be carried on well in advance of the date when operations commence, but recruitment itself should be delayed until there are actual jobs for the workers so recruited.

Transportation and Housing for Workers

When other than local labor is to be used in food processing plants, the problem of transportation and housing become factors of importance. Congress has not made funds available to WMC for the transportation of workers from point to point within the United States. With the decrease in transportation facilities which may be owned by or available to the workers, there will be many instances where this expense must be met by employers rather than the workers themselves if recruitment is to be successful.

The Labor Recruitment and Transportation Section of the Bureau of Placement will undertake the responsibility to expedite the inter-regional movement of food processing workers during the 1944 canning season. Procedures will be stream-lined wherever necessary to accomplish this objective. Primary consideration will be given to encouraging the more or less natural movements of workers between regions to the canneries.

In 1943 many employers in food processing have provided either permanent or temporary housing facilities for workers brought into their communities. Other employers have not as yet recognized the need for accommodations of this character. It is expected that the agreements will be continued whereby the War Department will make available tents, bedding, and cooking equipment upon proper request of WMC through approved channels. (Identical Memorandum, July 15, 1943). The use of this equipment will doubtless be of assistance in emergencies and in the case of employers whose labor requirements do not justify the construction of more permanent housing accommodations.

It would seem desirable that War Manpower field representatives discuss this problem with employers well in advance of the operating season and that definite understandings with respect to transportation and housing be established. The time element is a factor to be dealt with in requesting the use of War Department equipment, and the needs for such equipment should be definitely determined sufficiently in advance of the operating season so that proper agency negotiations can be initiated. From ten days to two weeks is usually required to negotiate for the movement of War Department equipment from the Army Supply Depot to the employer requesting it.

Publicity

A well developed program of newspaper advertisements, posters, etc., etc., is being prepared, the details of which will be announced later.

Labor Utilization

The fact must be faced that from the standpoint of experience most of the labor recruited for cannery work during this emergency will not meet the standards of labor which the canning industry has been accustomed to employ in the past. There will be a higher rate of turnover in employment due in some cases to the physical inability of the workers to remain on the job for long periods of time. The use of inexperienced labor especially women and youth makes necessary the consideration by employers of supervisory training within the plants in order that key employees who stay with the cannery during shut-down periods will be equipped to get maximum production from new workers. These supervisors need to know how to break-in people on new jobs in the least possible time; they need to improve the methods of doing the work to increase labor utilization, get maximum use of equipment, and avoid waste; perhaps most of all they need to develop high skill in leadership since they will need to very quickly form an effective working team. The Training Within Industry Service of WMC provides assistance to eligible plants (food processors are included) in meeting these three supervisory needs. It is suggested that field representatives arrange through the WMC Area Chief of Training to get information about the TWI supervisory programs in order that they may discuss them with employers as a step to be taken during the slack season in order to prepare for the pressure of the next season.

Deferment of Selective Service Registrants

The deferment of workers from military service is primarily the responsibility of Selective Service local boards. In cases involving the deferment of key workers, employers should avail themselves of the facilities of USES local offices. These offices are in a position to determine whether registrants, whose essentiality is claimed by employees, can be replaced without seriously impairing the production of the plants in which they are employed. While Selective Service local boards are not required to consider such determinations in arriving at their decisions, they generally recognize them as supplementary to the employer's request for the deferment of a necessary employee.

Cooperation with Other Organizations and Associations

Nearly all regions were in agreement regarding the necessity for a closer coordination between employers and their associations, on one hand, and War Manpower field representatives on the other. The possibilities and problems of labor recruitment should be discussed frankly with employers and the labor requirements of their plants should be familiar to employment office personnel. Attempts should be made to eliminate arbitrary or unreasonable hiring practices or conditions of work. The progress made in this direction in

1943 was most gratifying but this relationship can be made closer and more effective by frequent meetings of both employers and USES representatives. These contacts should be established as early in the season as possible and certainly a considerable period of time in advance of actual recruitment activities. Problems encountered which cannot be solved at the local office level should be referred to the appropriate State or regional War Manpower offices so that the assistance of Rural Industries regional representatives may be obtained.

Essential Activities Revision

A revised list of essential activities has been released by the War Manpower Commission, which includes all changes up to and including January 15. Announcement of certain changes has been made from time to time, but this is the first complete list published since December, 1942, it was stated. The revision makes no change in the listing of essential products, services and facilities of the food processing, agriculture and commercial fishing industries.

Selective Service Handbook

Answers to 376 questions on selective service, induction procedures and all branches of the armed forces, are found in "Service in the Armed Forces," a new handbook of information for men between 17 and 38, just published by the U. S. Office of Information. Copies of the pamphlet may be purchased from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., for 20 cents.

OCCUPATIONAL DEFERMENT REVIEW IS ORDERED

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tion of sufficient numbers, particularly those under 26 years of age. The President suggests that replacements come from IV-F's, dischargees, overage men, and women. The President's memorandum points out that the personnel requirements of the armed forces have not been met and that national policy has been overly lenient in occupational deferments, particularly with regard to younger men.

On the same day, General Hershey telegraphed State Selective Service Heads, instructing them and all local boards and appeal boards to review the cases of all men 18 through 37 in classes II-A, II-B, II-C, and III-C, according to present regulations but in light of the President's memorandum with particular attention to registrants under 26 years of age.

Regulations on Essential Employees in Food Processing Industries Unchanged

There is no formal change in the present regulations for essential employees in food processing, and there may be none. The present policy of Selective Service, however, is to classify all boys up to 22 years of age in I-A, regardless of occupation, with but few exceptions. This may be extended to include all those up to 26 years of age, and it is probable that clarification on this point may be forthcoming from Selective Service.

The essential occupations which are particularly applicable to canning are listed in Occupational Bulletin No. 6, available at the offices of every draft board.

On February 28, it was announced that physical and mental qualifications will not be altered. The effect of this is that with minor exceptions all men now classified IV-F will continue in that class. Newly drafted men will be subject to the same physical and mental requirements as in the past.

Maximum Production by Canners is Vital to War Effort

In the forthcoming issue of "Selective Service," the official bulletin of National Selective Service, sent to all draft boards, General Hershey says that "cut backs" in war production are an indication that once vital jobs may no longer be necessary.

The canning industry is not a "cutback" industry. Brig. Gen. Carl A. Hardigg, Office of the Quartermaster General, said at the Chicago Processors' Conference, "I again wish to emphasize the necessity for every pound of preserved food in 1944 that can be produced. * * * The Army's requirements for canned fruits and vegetables from the 1944 pack are sharply higher than from the 1943 pack. * * * The need for canned fruits and vegetables for a man overseas is more than double the need for a man at home." (INFORMATION LETTER, February 19.) C. W. Kitchen, speaking for the War Food Administration at the Conference said, "This is a year to strive for full production (of processed foods)." (INFORMATION LETTER, February 19).

If it becomes necessary to convince any board of the importance of canned food production, the set-aside orders from the 1944 production should be offered in evidence as to the importance of canned food production. Statements from the Army buyer with whom the canner deals, from the County War Board, are helpful.

Consult Local Representative of USES

The local United States Employment Service's representative should be consulted. On this subject WMC Field Instructions No. 251, Bureau of Placement No. 150, February 21, 1944, says, "The USES offices are in a position to determine whether registrants, whose essentiality is claimed by employees, can be replaced without seriously impairing the production of the plants in which they are employed. While Selective Service local boards are not required to consider such determinations in arriving at their decisions, they generally recognize them as supplementary to the employer's request for the deferment of a necessary employee."

Compile Complete Data on Your Key Men of Draft Age

For your own information and for your dealings with your draft board, appeal boards, and when necessary, with the State Head of Selective Service, it is valuable to draw up a list of all your key men of draft age, showing in connection with each man his age, draft classification, dependents, nature of his job, including its relation to your ability to produce to capacity, experience, number of workers he supervises, date of expiration of present deferment, and availability of replacement, including steps taken to provide replacement. The statement should include the number and responsibilities of the key men you have already lost to the armed forces.

Jurisdiction of Appeal Cases

In cases of appeal, where the registrant's place of employment and his local board are in different appeal board areas, his classification must be determined by the appeal board for the *area in which he is actually employed.*

Present Each Case in "Practical, Common-Sense, Simple Manner"

The following quotation from the address at the Processors' Conference by Colonel Francis V. Keesling, Jr., Chief Liaison and Legislative Officer of the Selective Service System, is pertinent:

"It is up to you (as the employer) and to you alone to present your facts in each individual case in a practical, common-sense, simple manner in simple common-sense and practical terms to each local board, appeal board, or officer concerned. * * * But you must play the game fairly and squarely. You must not ask for the deferment of any man whom you can replace, and you must use your best efforts to replace these men.

"I want to emphasize and reemphasize that if you have a man who actually should be deferred, good old common horse sense is the best way of accomplishing it. It is * * * a question of proper presentation and proper relationship with representatives of the Selective Service System. An honest presentation, made in simple form without any frills or fanfare, is in my opinion the best solution."

Every canner should immediately analyze the draft status of every key employee and take steps to inform the proper boards of the need for full production in 1944 and the relationship of each employee to the canner's ability to produce.

NEW RATION POINT VALUES ESTABLISHED FOR MARCH

Principal Canned Vegetables Are Decreased but Fruit Items Rise in Value

Point values of several important canned vegetables will be lower for the period March 5 through April 1, but ration values of canned fruits will be sharply higher, the office of Price Administration announced March 3. Point values of canned vegetables, on the average, are now the lowest since rationing started, Price Administrator Chester Bowles said.

Ration values of tomatoes were reduced by half; peas by more than two-thirds, while corn point values also were substantially reduced.

"Full credit is due Victory gardeners and home canners. They did a magnificent job last year," stated Mr. Bowles. "We hope more Victory Gardens are grown this year. The nation will need all the food it can produce. And future ration points depend on our 1944 Victory Gardens. It will be possible to keep ration points at, or even near, present levels only if food output this year is greater than ever before, and if home canners and commercial packers top their record packs of last year," he continued.

Following are the principal changes in the new consumer point tables:

(1) In the vegetable group, peas, reduced from 10 to 3 points for a No. 2 can, lead the major vegetables to lower levels with a 7-point reduction. Corn, asparagus and tomatoes follow with smaller declines. Tomato juice is advanced, as are canned fresh lima beans and tomato catsup.

(2) Most canned fruits have been advanced from 6 to 13 points for No. 2½ cans. Grapefruit juice, currently listed at zero, is increased to 1 point for the No. 2 can. Other citrus juices are advanced from zero to 2. Grape juice is raised from 4 points to 6 points for the pint container.

(3) Added to the items with zero point value are canned fresh-shelled beans, dried prunes, raisins, currants and mixed dried fruits.

(4) No changes are being made in the point values of frozen foods, preserves and jellies, dry beans, canned soups and baby foods.

(5) Point values are cut two points per pound for many canned meats. Deviled ham and tongue, for example, are listed at 4 points, as against 6 at present. Likewise, numerous ready-to-eat beef and pork items are reduced in point value, these reflecting the reductions made for the fresh pork and beef cuts.

According to the OPA statement, the total stocks of canned, frozen and dried foods for civilians now are about 3 per cent higher than at the same time a year ago. The movement of these foodstocks is 4.4 per cent behind the movement that had been planned for the period April through December, 1943, it was stated.

"It is OPA's policy to help move the pack of canned foods during the pack year," Mr. Bowles said. "As a result canners know that there will be no barriers in the way of moving the pack. Thus, they are encouraged to can all the foods they can handle. This is in the interest of all of us—the armed forces, industry, and civilians."

The movement of canned vegetables has been about 10 per cent slower than scheduled. Consequently, OPA has found it possible to lower points because the packing season for some vegetables will soon begin, and current stocks should be moved now to make way for the new supply, the announcement stated.

The movement of canned fruits has been 17.6 per cent faster than scheduled. The 1943 fruit crop was short, and the amount of canned fruits available for civilians was limited. The rate of disappearance increased when point values of major vegetables were reduced earlier this year, releasing more points to be used for fruits than before. A rise in point values of fruit is necessary now to reduce or slow down sales so that the limited supply will last until the new crop comes on the market, it was said.

Although point values for vegetables were reduced this month to move current stocks, higher point values later appear likely for processed foods in general because of increased government requirements, the statement said.

On the basis of anticipated production in 1944, it is estimated the civilian supply of canned fruits and vegetables will be about 200 million standard cases compared to 242 million in 1943; 247 million in 1942; 321 million in 1941, and a 5-year average of 285 million for the 1937-41 period.

Military and government needs for 1944 are estimated at 149 million cases compared to 86 million cases in 1943, an increase of nearly 70 per cent.

"The only way to keep point values from rising sharply next summer is to produce and can more food," Mr. Bowles said. "I hope every person with a plot of ground will have a patch of vegetables."

Changes in point values and OPA's reasons as to why they were made follow:

Vegetables

Asparagus (No. 2 can) Reduced five points, new value 10. Although a reduction was made in February, the movement has been slow. Because of the nearness of the new pack, an additional reduction was made.

Beans, fresh shelled (No. 2 can) Reduced from 8 points to zero. This is a small item, total supply of which is not a great factor in the food available for civilians. It has been moving under schedule.

Beans, fresh lima (No. 2 can) Increased five points, new value 25. The actual movement has been ahead of scheduled movement. Indications point to a reduced civilian supply this year. All consumer data indicates this item is moving out rapidly. This is the first point increase for fresh limas since July. Civilian stocks are below a year ago.

Corn, except vacuum packed (No. 2 can) Reduced two points, new value 8. Movement has been under schedule with a slightly better civilian stock position this year compared to last. Reduction of points for other vegetables made a change on corn advisable.

Corn, vacuum packed (12-oz. can) Reduced two points, new value 6 points. This item follows the trend of other corn.

Peas (No. 2 can) Reduced seven points, new value 3. There were three reasons for the drastic reduction of the point value of peas—the new pack is fairly near; civilian stocks on January 1, 1944, were substantially heavier than at the same time a year ago, and in spite of the rather sharp reductions in January and February, it was felt that an additional reduction was necessary to move the current pack before new supplies are available.

Tomatoes (No. 2 can) Reduced five points, new value 5. The situation of tomatoes differs from peas only in degree. The tomato pack is later, giving more time to distribute civilian stocks. The reduction in points was needed to stimulate movement. It is the third in as many months.

Tomato catsup (14-oz.) Increased five points, new value 23. Heavy consumer demand was reflected in an out-of-stock condition in many retail stores. Points were increased to balance the retail distribution with consumer demand.

Fruits

Apples (No. 2 can) Increased six points, new value 18. A short supply, rapid movement and the fact that the new pack will not come in until October and November accounts for the increase.

Apple sauce (No. 2 can) Increased five points, new value 25. Fast movement and a much lower stock position. The new pack will not be available until September and October.

Cherries, except Maraschino, (No. 2½ can) Increased nine, new value 36

points. The movement has been too fast.

Figs (No. 2½ can) Increased nine, new value 30 points. Fast movement had to be checked.

Mixed fruits (No. 2½ can) Increased seven, new value 43 points. The value of mixed fruits was moved up from 30 in November to 36 in February without a slowdown. A further increase is necessary in view of the short supply. There will be no new pack until August.

Peaches (No. 2½ can) Increased 13, new value 43 points. The point value of peaches was increased in February without a slowdown. Movement continues fast and the stock position is below last year.

Pears (No. 2½ can) Increased 13, new value 43 points. Fast movement, low stocks, pack doesn't begin until August.

Pineapple (No. 2½ can) Increased seven, new value 43 points. This is the first increase for pineapple since November. January and February consumer purchases showed an increased demand for this commodity.

Fruit Juices

Fruit nectars (No. 2 can) Decreased two, new value zero. This is a minor item for which no tin was allotted for 1944. It was dropped to simplify the program.

Grapefruit juice (No. 2 can) Increased one, new value 1 point. In December the point value on grapefruit juice was reduced to zero to move the large supply of this commodity into consumption before the arrival of the new pack. This has been accomplished and it now becomes necessary to put a point value on the item to get better distribution of the new pack which is beginning to reach retail channels. The supply of fruit juices will be less for civilians this year.

Citrus juices, other than grapefruit, (No. 2 can) Increased two, new value 2 points. An allotment of tin was made for orange and blended citrus juices for 1944. In order to secure fair distribution of the new pack, it was felt that point values should be applied before the new stocks disappear.

Grape juice (Pint size) Increased two, new value 6 points. Indications are the supply next season will be short. The points were increased to improve distribution.

Tomato juice (No. 2 can) Increased three, new value 6 points. Stocks are far below a year ago. Movement is fast.

Dried Fruits

Prunes, raisins or currants, mixed dried fruits—Decreased four, new value zero points per pound. Additional supplies of raisins were allocated to civilians. Stocks are adequate to meet an uncontrolled civilian demand.

Point values for the items in which changes were made follow:

	Point Value Old	New
Canned Vegetables		
Asparagus (No. 2)	15	10
Beans, fresh shelled other than limas (No. 2)	8	0
Beans, fresh lima (No. 2)	20	25
Corn, except vacuum packed (No. 2)	10	8
Corn, vacuum packed (12-oz.)	8	6
Peas (No. 2)	10	3
Tomatoes (No. 2)	10	5
Tomato Catsup (14-oz.)	18	23
Canned Fruits		
Apples (No. 2)	12	18
Apple sauce (No. 2)	20	25
Cherries, except Maraschino (No. 2½)	27	36
Figs (No. 2½)	21	30
Mixed fruits (No. 2½)	36	43
Peaches (No. 2½)	30	43
Pears (No. 2½)	30	43
Pineapple (No. 2½)	36	43
Canned Juices		
Fruit nectars (No. 2)	2	0
Grapefruit juice (No. 2)	0	1
Citrus juices (No. 2)	0	2
Grape juice (Pint)	4	6
Tomato juice (No. 2)	3	6
Dried Fruits		
Prunes, raisins or currants, mixed dried fruits (per lb.)	4	0
Meats in Tin or Glass Containers		
Pork sausage (bulk or link, per lb.)	4	3
Ham, chopped	5.5	4.5
Pork, chopped	5.5	4.5
Deviled ham (per lb.)	6	4
Deviled tongue (per lb.)	6	4
Ham (whole or piece, per lb.)	8	6
Luncheon meat, including spiced	5.5	4.5
Luncheon meat (less than 3 lbs., per lb.)	6	5
Meat loaf (per lb.)	5	4
Meat spreads (per lb.)	5	4
Pork and soya links	3	2
Potted and deviled meats (per lb.)	5	4
Pork soya segments	3	2
Sausage in oil (per lb.)	4	3
Ham, spiced	5.5	4.5
Tamales (per lb.)	2	1
Tongue, beef (per lb.)	6	5
Tongue, pork, veal or lamb (per lb.)	5	4
Vienna sausage (per lb.)	4	3
Bacon, slab, dry salt	3	1
Bacon, slab, other	3	1
Bacon, sliced	5	2

Dried Apples, Currants Released

Packers have been authorized to release over 3½ million pounds of dried apples and nearly a million pounds of Zante currants for sale to civilians through the regular food trade channels, the War Food Administration has announced. Release of these products, which have been held in reserve under terms of Food Distribution Order 16, was made possible by a change in war requirements.

The 3,568,000 pounds of dried apples being released are the first sizeable quantity of this fruit to be made available to civilians in nearly two years as almost the entire production of dried apples heretofore has gone to meet urgent war needs. Civilian supplies of currants have fared much better, WFA pointed out. Including the currants now being released, civilians have received approximately 6,800,000 pounds from the 1943-44 pack.

Grapefruit Juice Set Aside Is Increased to 38 Per Cent

Amendment 1 to Food Distribution Order 22.5, which became effective February 28, 1944, requires processors to increase from 32 to 38 per cent the quantity of canned grapefruit juice which they are required to set aside for purchase by government agencies.

The quantities of grapefruit segments, blended citrus juice and single strength orange juice which processors are required to set-aside under FDO 22.5, were not changed by the amendment.

This increase in the reservation percentage is expected to raise the Government's grapefruit juice reserves from the 1943-44 pack from about 7,400,000 cases to approximately 9,500,000 cases (basis, 24/No. 2 cans). The entire increase will go to the armed forces. Text of Amendment No. 1 to FDO 22.5 follows:

Food Distribution Order No. 22.5 (8 F. R. 16007), issued by the Director of Food Distribution on November 26, 1943, is amended as follows:

1. By inserting "(1)" immediately to precede the first sentence of § 1425.7 (b).

2. By adding to § 1425.7 (b) thereof the following:

(2) In the event a canner does not pack, during the quota period, a quantity of any product designated in Column A of said Table 1 which is sufficient to meet the set-aside requirements for the respective product for such quota period, the respective canner shall be deemed to be in compliance with the set-aside provisions of this order with regard to the respective product if he sets aside the entire quantity of such product which is packed by him during the quota period.

(3) In lieu of setting aside a quantity of canned grapefruit juice equal to 38 per cent of the total of grapefruit juice packed by a canner during the base period, any canner will be deemed to have met the set-aside requirements of this order with regard to canned grapefruit juice if he sets aside all grapefruit juice packed by him and which is in his possession on February 28, 1944, and all grapefruit juice packed by him subsequent to such date, and if the aggregate of such amount is not less than 32 per cent of the total quantity of grapefruit juice packed by such person during the base period.

3. By deleting from Column B of Table 1 the figure "32" and inserting, in lieu thereof, the figure "38."

4. By deleting the provisions of § 1425.7 (e) and inserting, in lieu thereof, the following:

(e) *Reports.* The reports required by § 1425.1 (c) of Food Distribution Order No. 22, as amended, shall be submitted on Form FDA-685. The reports shall be

submitted to the Director within 15 days after the completion of the pack. (This reporting requirement has been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.)

This amendment shall become effective at 12:01 a. m., e. w. t., February 28, 1944. With respect to violations of Food Distribution Order No. 22.5, liabilities incurred, or appeals taken, prior to the effective time of this amendment, said Food Distribution Order No 22.5 shall be deemed to be in full force and effect for the purpose of sustaining any proper suit, action, or other proceeding with respect to any such violation, right, liability, or appeal.

Dried Apple Prices for Sales to Government Made Retroactive

Maximum prices established November 16, 1943, for sales of dried apples to Government procurement agencies, have been made retroactive to September 15, 1943, by the Office of Price Administration. This is accomplished by Amendment No. 5 to Maximum Price Regulation No. 493.

The change permits persons who sold dried apples to the Government between September 15 and November 16, 1943, to use the 1943 prices, which are about $300 per ton higher than the 1942 prices.

Failure to take this action, OPA said, would result in hardship for those processors who failed to exercise their right to file application for price adjustment on the sales they made in the two-month period before the 1943 prices were issued.

Because the Government needed large amounts of dried apples for use of the armed forces, it requested and accepted large shipments of the apples as early as September 15, 1943. Persons who made these shipments were entitled to file application requesting adjustment of prices to the new levels.

OPA announced its 1943 prices for dried apples in advance of the regulation which established the prices. A number of sellers, including 11 small processors who shipped 880 tons of dried apples after the preliminary announcement of prices, failed to apply for price adjustment under the mistaken belief that the press release had relieved them of that necessity. Amendment 5 makes it possible for all processors to be paid on the same basis.

OPA emphasized that the original effective date of November 16, 1943, remains unchanged as to all sales and deliveries covered in the regulation except sales and deliveries of dried apples to the Government.

SURPLUS FOOD DISPOSAL

Four Bills Dealing with Problem Are Introduced in Congress

Four similar bills, designed to control the disposition of surplus food stocks held by the Government, have been introduced in the House of Representatives during the past two weeks. Representative John Phillips of California is author of two of the measures. These bills, H. R. 4259 and H. R. 4275, create a Surplus Agricultural Products Corporation and a Surplus Agricultural Products Commission. The other two bills, H. R. 4281 and H. R. 4288, are identical, would place the War Food Administration in control, and were proposed by Representatives Victor Wickersham of Oklahoma and Gerald W. Landis of Indiana.

The four bills provide that in the disposition of any excess food products, the recommendations of an appropriate advisory committee shall be considered; registered processors, distributors, and interested trade associations shall be notified of the quantity, prices, terms, and conditions of sale; and whenever more than one processor or distributor is interested in the purchase of an excess food, an equal opportunity is to be afforded all registered processors and distributors to purchase the excess food, with due consideration being given to geographical areas, food shortages, distribution maladjustments, marketing facilities, and other factors pertinent to the orderly and effective distribution of food in normal channels of trade.

However, the bills state that whenever packaged food is to be disposed of which bears a trade-mark or trade name, or has been specially prepared to meet the needs of a government agency, the original processor or owner of such trade-mark or trade name, or the original vendor to the Government where ascertainable, shall be given a prior and reasonable opportunity to purchase the product at the price fixed for the offer of the product to purchasers in general.

In addition, the bills provide that excess food shall not be sold into commercial trade channels in such quantity as will disrupt, impair, or disorganize the production, processing, or distribution of the current marketing of such product. Authority is given to the administering agency to purchase similar currently processed foods from the purchasers of excess supplies at not to exceed 90 per cent of the quantity of the excess food being disposed of.

Capping, Sealing Machinery

Capping, closing and sealing machinery and equipment for cans, jars and bottles (other than screw capping machines), having a retail sales value of $25 or more, inclusive of motor, as listed in Schedule A of Order L-332 (except for replacement of existing machinery or equipment) have been added to list B of the order, according to a revision of Priorities Regulation No. 3, made by the War Production Board on February 29.

List B includes items for the purchase of which blanket MRO preference ratings may not be used.

Following is another WPB modification in List B of the order:

The statement at the beginning of the list has been changed to indicate that if a preference rating is needed to get a specified quantity of any product on the list, application for the rating may be made on Form WPB-541 (formerly PD-1A) or on any other form which may be designated by a WPB order for the particular product or for use by the particular applicant.

Packaging, Labeling Machinery Provisions Altered by WPB

The War Production Board reported March 2 that control over purchase and use of packaging and labeling machinery has been removed from the provisions of Limitation Order L-83 since control over this type of equipment is now covered by a new Limitation Order, L-332, effective February 16, 1944.

Packaging and labeling machinery previously had been subject to restrictions on the purchase and use of both new and used equipment in excess of a selling price of $200. All such machinery in excess of this valuation formerly required a priority rating of AA-9 or better.

After March 1, 1944, all deliveries of new and used container machinery, including packaging and labeling, can closing, can making, glass jar and bottle making and cleaning or reconditioning equipment are subject to the regulations of L-332.

In addition to requiring an AA-5 priority or better for delivery, the new order provides that monthly operational reports must now be filed by all manufacturers of this equipment to assist WPB in calculating trends on the demand for this type of equipment and the ability of producers to supply such demands without interfering with their war orders.

Use of Increased MRO Quotas Covered by CMPR-5 Amendment

Controlled Materials Plan Regulation No. 5, as amended February 26, provides that if an appeal for an increased maintenance, repair and operating quota has been granted by the War Production Board, the increased quota may be used for operations during quarters subsequent to the one for which it was originally granted. This rule holds unless a substantial part of the increased quota was granted to take care of an abnormal situation. For example, where a person's quota has been increased to permit him to purchase a large amount of special tools and equipment to produce a new product, the increased quota may not be used in quarters subsequent to the one for which it was originally granted.

The amended regulation points out that persons who use its provisions to obtain MRO materials must compute their MRO quotas and must maintain a record of them on file. In addition, it points out that records of expenditures against the quota must also be maintained. As a result, Direction No. 13 to CMP Regulation No. 5, which formerly required that quotas be computed, has now been revoked in view of the fact that the provisions are now spelled out in CRM Regulation No. 5 itself.

CMP Regulation 5 also does away with the limitation of 100 pounds of aluminum formerly prescribed for persons desiring to purchase this metal as MRO supplies. Under the new regulations the only limit on amounts of aluminum that may be bought by a person eligible to use the MRO symbol for the purchase of controlled materials is the purchaser's MRO quota, as is the case with steel and copper.

Pyrethrum Use Strictly Limited

Because the armed services are requiring most of the supply of pyrethrum this year, only small amounts of this material will be available for agricultural and other civilian uses. In a revision of Food Production Order 11, covering pyrethrum insecticide, pyrethrum may not be used on any crop unless the Director of the Office of Materials and Facilities of the War Food Administration has authorized its use on that particular crop.

The order also permits any person desiring to sell or use pyrethrum insecticide for an agricultural use to request approval of such use by applying to the Director in writing, setting forth the purpose for which the insecticide is to be used and the quantity of pyrethrum which will be needed.

Last year pyrethrum was permitted to be used on a number of crops; the revised order no longer permits such use, without a special appeal in each case, and the value of the crop that is being grown, from the food angle, will be the determining factor. Its use will not be permitted in victory gardens this year.

Canners Granted AA-2X Rating for Their Fibre Shipping Cases

Canners can now use preference rating AA-2X to obtain fibre shipping containers for canned foods under the provisions of Preference Rating Order P-146, issued February 29, by the War Production Board.

Fibre containers were previously covered by Order P-140 which assigned a rating of AA-3 for containers for civilian shipments and an AA-2X for containers for government purchases. The new order makes no distinction as to the end usage; the AA-2X rating is to be used to obtain fibre boxes for both government and civilian purchases.

Canners will apply the above rating by endorsing their purchase orders with, and only with, the certification that appears in paragraph (v) of the order.

Shipping Case Price Provisions

Manufacturers of folding cartons, corrugated fibre boxes, corrugated fibre sheets, solid fibre boxes, set-up boxes, partitions, pads and other items covered by Revised Maximum Price Regulation No. 187, must continue to compute their raw material costs at levels no higher than the ceilings in effect for those materials on March 31, 1943, the Office of Price Administration announced March 1.

Where no ceiling price was in effect on March 31, 1943, for the transfer of raw materials acquired by manufacturers, the transfer price must not exceed the highest amount at which these raw materials were transferred on or before March 31, 1943. These provisions are contained in Amendment No. 4 to Revised Maximum Price Regulation No. 187, which became effective March 1, 1944.

Indiana Spring Meeting

The spring meeting of the Indiana Canners Association has been scheduled for April 20 at the Claypool Hotel, Indianapolis.

Government Requirements for Canned Fish Announced by WFA

Government war requirements for canned fish during the 1944-45 pack year will be slightly less than during the year ended February 29, the War Food Administration announced March 1. Approximately the same quantity of salmon, but less of other types of canned fish, will be needed.

During the period March 1, 1944, through February 28, 1945, canners will be required to set aside for government purchase 60 per cent of their pack of each species of salmon, except chum and steelhead, and 45 per cent of the pack of pilchards, Atlantic sea herring, Atlantic mackerel and Pacific mackerel. The new percentages, effective March 1, are contained in Amendment 2 to Food Distribution Order 44.

Although there is a 5 per cent increase in the war requirements for types of salmon other than chum and steelhead, total war requirements for all salmon during the 1944-45 pack year will be approximately the quantity required in the 1943-44 pack year. The government quota for other types of canned fish specified in the amendment to the order is 45 per cent of the pack, or 10 per cent less than required from the 1943 pack. After March 1, no shrimp or tuna fish need be reserved for government purchase.

The remaining percentages of the pack may go to non-government agencies as soon as the availability for delivery of quota amounts reserved for government needs has been assured.

The quota period system has been dropped under the new amendment. The original order authorized packers to set their own quota periods during which the proper amounts were delivered to government and non-government receivers but the order amendment provides a means for concurrent deliveries of government and non-government quotas.

The production of canned fish during the 1944-45 pack year is expected to consist of 5,800,000 cases of salmon and 5,425,000 cases of pilchards, herring and mackerel.

The amendment is intended to reserve 3,115,000 cases of salmon and 2,315,000 cases of pilchards, herring and mackerel for government war agencies. The quantities reserved, along with existing inventories, are sufficient to meet government requirements known at this time.

PRELIMINARY STATEMENT OF NEW RENEGOTIATION STATUTE

(Continued from page 8099)

Contracts Subject to Renegotiation

Only contracts with the War Department, Navy Department, Treasury Department, the Maritime Commission, the War Shipping Administration, Defense Plant Corporation, Metal Reserve Company, Defense Supplies Corporation and Rubber Reserve Company are subject to renegotiation. Therefore, the amounts received under any contract which a canner may have with any other government agency, such as the War Food Administration, are not subject to renegotiation under the Renegotiation Act unless such other agency is purchasing canned foods as the agent of the Army.

Canners will be particularly interested in the $500,000 exemption. As explained later, the amount received in any one fiscal year under all contracts are to be aggregated for renegotiation purposes. The total must be $500,000 before the contracts are subject to renegotiation. This exemption applies to all contracts which would otherwise be subject to renegotiation and increases the similar $100,000 exemption provided by the original statute. Any canner whose total business for a fiscal year with the nine named Federal agencies is less than $500,000 is, therefore, not subject to renegotiation.

Further Exemptions

The new law specifically exempts from renegotiation six classes of contracts. These include contracts between governmental agencies themselves; contracts covering certain mineral, gas, petroleum, and lumber products; contracts with charitable organizations; certain construction contracts and subcontracts. An automatic exemption is provided for:

"any contract or subcontract for an agricultural commodity in its raw or natural state, or if the commodity is not customarily sold or has not an established market in its raw or natural state, in the first form or state, beyond the raw or natural state, in which it is customarily sold or in which it has an established market."

The term, "agricultural commodity," is defined to include "fruits," "vegetables," and "fish and other marine life." This is the remaining language of the original exemption for all agricultural commodities and for canned, bottled, or packed fruits and vegetables. In view of the particular legislative history of this section, its precise application to many canned products—which ordinarily do not have a customary market other than in the form canned—remains to be determined. It is expected that regulations of the Price Adjustment Board will deal with this problem.

Administrative Exemptions

In addition to the automatic exemptions from renegotiation provided by the law, the newly created War Contracts Price Adjustment Board is authorized to create administrative exemptions from renegotiation in various other cases. Of particular interest to canners under this category are the provisions permitting an administrative exemption for:

"any contract or subcontract for the making or furnishing of a standard commercial article, if, in the opinion of the Board, competitive conditions affecting the sale of such article are such as will reasonably protect the Government against excessive prices;"

The definition of a "standard commercial article" is so drawn as to include virtually all canned fruits, vegetables, and fish. Even if a particular canned food would not meet the definition of a "standard commercial article," the Board may nevertheless exempt contracts for its purchase if it thought that there would be effective competition in selling to the Government.

It is believed that among the competitive conditions which may be considered under this section would be the existence of reservation or set-aside orders and the effective levels of OPA prices covering sales to the Government. The Board of Directors of the Association has already authorized applications to be made at an appropriate time, requesting consideration of the exemption of regularly manufactured canned fruits, vegetables and vegetable products, and fish from renegotiation pursuant to this authorization. The scope and period covered by any such exemption would be determined by the Board.

Organization and Powers of the War Contracts Price Adjustment Board

The new law creates a War Contracts Price Adjustment Board consisting of six members. The War Department, the Navy Department, the Treasury Department and the War Production Board are each represented by one member on the Board. The United States Maritime Commission and the War Shipping Administration are jointly represented by one member. The four Reconstruction Finance Corporation subsidiaries (Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation and Rubber Reserve Company) are also jointly represented by one member appointed from the RFC.

Only the Board may start a proceeding to renegotiate the amounts received under contracts subject to renegotiation. However, the Board is granted broad powers to delegate this authority to the heads of the nine agencies who are in turn authorized to re-delegate the renegotiation authority to subordinates in these nine different agencies. For practical purposes, this will probably mean that renegotiation of food processors will be delegated to the Army. Where a determination of "excess profits" is made by the Army, this determination is subject to review by the full Board. The Board may review the Army's decision on its own motion or may review the decision on the request of contractor or subcontractor. The Board, however, is *not* required to review the Army's decision in all cases. If no review is requested or started by the Board within 60 days from the date of the decision by the Army, the latter's decision will be considered the decision of the Board. This means that appeal may then be taken from the Army's decision to the Tax Court, as explained later, and that the Army may start to collect amounts determined to be "excess profits."

The Board's powers include the authority to obtain by subpoena all necessary documents and to request the services of the Bureau of Internal Revenue to make examinations and audits.

Determination of "Excess Profits"

The determination of excess profits is, of course, the heart of the Act. The original statute contained no specific provisions specifying how "excess profits" were to be determined. The new Act in general provides that the costs allocable to the contracts being renegotiated shall be determined. The gross profits derived from these contracts are the difference between the costs allocated to the contracts and the total amount received or accrued under the contracts during the fiscal year of the contractor. Since the gross profits include both any "excess profits" and allowable profits, the Act prescribes seven standards to be considered in determining what part of the gross profits are the "excess profits." These are called "factors" and are described below.

Because taxes have probably been paid on the basis of the gross profits received or accrued under the renegotiated contracts, the Act specifically requires credits to be allowed for resulting decreased normal and excess profits taxes. These are set off against repayment of the amount of profits found

to be excessive. Special provision is made for amortization deductions of the cost of war facilities.

The term "fiscal year" means the fiscal year of the contractor used for his tax purposes and the term "received or accrued" is to be interpreted according to the method of accounting used by the particular contractor or subcontractors undergoing renegotiation.

The Board is required to consider in determining the "excess profits" received or accrued during any fiscal year and after June 30, 1943, seven specified "factors." These are:

1. The efficiency of the contractor;

2. Reasonableness of cost and profits in comparison with normal pre-war earnings and war and peacetime products;

3. The amount and source of the public and private capital employed and the net worth;

4. Extent of risk assumed, which includes the risks involved in reasonable pricing policies;

5. The nature and extent of the contribution to the war effort;

6. The character of the business including factors such as the rate of turnover manufacturing complexities;

7. Other factors to be determined by the Board as "fair and equitable" and in the public interest but which factors shall be *published* in the regulations of the Board.

In determining "excess profits" the price renegotiators are directed to use the cost accounting method regularly employed by the canner. If, however, the cost accounting method is not considered proper, then some other cost accounting method may be used by the Board, which is subject to review by the Tax Court.

It is specifically provided that *all items allowable as deductions* and exclusions *for* the purposes of the *normal income tax* and for the excess profits tax shall be considered as items of cost to the extent that they can be allocated to the particular contracts.

Special provisions are made by the Act for mitigation of taxes paid by individuals prior to renegotiation. It was provided in general in 1942 by amendment of the Internal Revenue Code that the tax paid on profits later determined to be excessive shall be credited against the amount of excess profits required to be repaid (Section 3806 of the Internal Revenue Code). The new Act repeats this requirement. Similar credits are now more specifically provided with respect to individuals for the taxable years 1942 and 1943. This will mean that taxes paid by individuals or partners will likewise be credited in computing any amount to be returned as the result of renegotiation.

Special amortization deductions of the cost of emergency war facilities under Necessity Certificates are also covered in the new law. Section 124(d) of the Internal Revenue Code provides in general for recomputation of the amortization deduction of the cost of an emergency facility if the period of amortization in fact is less than five years. The reason for an amortization period of less than five years would be the end of the present war. In that case where the amortization period is less than five years, the tax must be recomputed on the basis of the new amortization period and the changed amortization deduction.

The future possibility of recomputation of taxes to adjust for a changed amortization deduction period is not allowed by the Renegotiation Act to delay the renegotiation proceeding. No amortization deduction can be allowed as a cost item until the tax has been computed. However, when a renegotiation proceeding is concluded before recomputation of the amortization deduction, the contractor or subcontractor will be entitled to be paid later by the United States without interest "a net renegotiation rebate" which represents the amortization deduction cost item not included in determining the excess profits. The statute carefully specifies the procedure by which this rebate to be repaid by the United States is to be computed.

These provisions concerning the amortization deductions are made retroactive to April 28, 1942, and apply to all renegotiation proceedings both under the original renegotiation statute and under the new Act. For practical purposes this means that all canners who constructed facilities under Necessity Certificates are entitled to claim at some time in the future when their taxes are recomputed a "net renegotiation rebate." It should be observed that a contractor is entitled to this rebate regardless of any provision in any agreement stating that the agreement to repay excessive profits is conclusive.

Proceedings to Renegotiate

A renegotiation proceeding is begun under the new law by sending a notice by registered mail to the canner of a conference to determine the existence of excessive profits. At this conference the contractor will present the data showing the amounts received under the contract subject to renegotiation and their costs. The conference is purely one of renegotiation for the purpose of entering into an agreement for repayment of the profits found by the Board to be excessive. There is no requirement for the contractor to enter into an agreement. The conference remains as much of a "horse trade" as it was under the former statute.

If an agreement between the Board and the contractor is reached, it is final and cannot be reopened by any person or any court except upon a showing of fraud or malfeasance or wilful misrepresentation of a material fact. This provision is, of course, to protect contractors against successive renegotiations of the same contracts.

If no agreement is reached, the Board is then authorized and required to make an order determining the amount of the excessive profits and to mail notice of this order to the contractor.

If an order is issued by the Board fixing the amount of excessive profits, the order is conclusive and not subject to review or redetermination by any court or agency if an appeal is not taken to the Tax Court within the time limitation specified for such an appeal.

One important new provision for protection, particularly for purposes of preparing an appeal to the Tax Court, is the new requirement that the Board, upon request, must furnish to the contractor a written statement of the determination of excess profits. This statement must show the determination, the facts on which the determination is based, and the reasons for the determination.

These provisions concerning the determination of excess profits do not affect all contracts made since April 28, 1942, the date of the original statute. The provisions describing the costs to be considered and the factors for determining excess profits are only effective as to renegotiation of amounts received or accrued in fiscal years ending *after* June 30, 1943. The same is true of the $500,000 exemption. A canner who appeals a renegotiation determination for preceding fiscal years cannot, therefore, obtain any consideration on the basis of these changes. On the other hand, the provisions granting the "net renegotiation rebate" apply to all renegotiation since April 28, 1942.

Elimination of Excess Profits

Upon the making of an agreement between the Board and a contractor for the repayment of excess profits or upon the making of an order by the Board in absence of agreement to repay excess profits, the agency head, presumably the Secretary of War, is authorized and directed to proceed to collect these excess profits. The Act provides several different methods of

"eliminating" these excess profits. It may be done by reducing the amounts otherwise payable to the canner under existing contracts, or by other revision of the terms of the contract. Collection may also be accomplished by withholding from any amounts otherwise due the canner the amounts which have been determined to be excess profits.

The Army may also sue on behalf of the United States for recovery of the excess profits. Any one or all of these methods may be used.

Records and Reports

The Board is authorized to require any information, records and data necessary to carry out a renegotiation proceeding. Furthermore, each contractor and subcontractor holding a contract subject to renegotiation is required to file with the Board a financial statement on or before the first day of the fourth month following the close of the contractor's fiscal year. The date of filing will be different for each contractor and the information to be included in the statement will be prescribed by regulations of the Board.

Time Limitations on Renegotiation Proceedings

The Board is required to start a proceeding within one year after the close of a fiscal year in which the excess profits were received or accrued or within one year after the filing of the financial statement mentioned in the preceding paragraph, whichever date is later. If the proceeding is not started within this time limit all liabilities for excessive profits during that fiscal year are discharged and completely ended.

If a proceeding for renegotiation of excess profits has been started within the time limitation, but if an agreement or order determining the amount of the excess profits is not made within one year from the start of the proceeding, then similarly all liabilities for excess profits shall be ended. This limitation, however, has two exceptions: (1) if a decision is made within one year by a subordinate, the Board may then review the subordinate's determination of excess profits, and there is no limitation on the time within which the Board has to review this subordinate's decision; (2) the one-year time limitation can be extended by agreement.

Appeals to the Tax Court of the United States

The Renegotiation Act makes a new provision for appeal of orders by the Board determining existence of excess profits in absence of agreement to repay these profits. This provision for appeals applies to renegotiation proceedings under the original statute as well as proceedings under the new Act,

However, only those contractors and subcontractors who did not make an agreement to repay excess profits before the enactment of the new Act can appeal to the Tax Court.

If a canner has not agreed to repay excess profits, he may appeal to the Tax Court to review the order of the Board made prior to the date of the Revenue Act determining his excess profits for a fiscal year ending *before* July 1, 1943, within 90 days from the *date of enactment* of the Renegotiation Act (February 25, 1944). Also, if an order by the Board determining excess profits is made for any fiscal year ending *before* July 1, 1943, but the order is made *after* the date of enactment of the Act, the canner may appeal to the Tax Court for redetermination but he must do so within 90 days after the date of the decision.

Any order of the Board determining excess profits for a fiscal year *ending after* June 30, 1943, may be appealed to the Tax Court. In this case, of course, all of the provisions of the new Renegotiation Act will apply. This appeal must be filed within 90 days after the date of the decision.

The Tax Court has exclusive jurisdiction on appeal to determine finally the amounts of the excess profits. This decision of the Tax Court is not subject to further review by any other court or agency. The Court is not bound by any of the findings of the Price Adjustment Board and is required to review the holding proceedings as though it were an entirely new case before the court. The statement which the Board must, when requested to do so, furnish to a contractor, cannot be used as evidence before the Tax Court. Filing an appeal with the Tax Court does not, however, stay the collection by the Federal agency of the amounts determined to be excessive by the Board.

Criminal Penalties

Stringent penalties are imposed upon any person who refuses to furnish information required by the Board or who furnished false or misleading information. There are, however, no criminal penalties for failure to agree to repay amounts claimed to be excessive profits.

Termination of the Act

The earliest date of termination of the Act is December 31, 1944. This date may, however, be extended by the President to June 30, 1945, if he finds and declares by executive proclamation not later than December 1, 1944, that competitive conditions have not been restored. In any event the Act cannot be extended beyond the end of the war. If on or before June 30, 1945, the President finds that competitive conditions have been restored at some specified date within the six months before June 30, 1945, that specified date shall be the termination date. Therefore, it is clear that the termination date of the Act is, to say the least, very uncertain.

Repricing of War Contracts

The new Act likewise contains a separate Title covering the repricing of war contracts. This provides that the Secretary of War, or any other agency, contracts with which are negotiable, may determine that a contract price is too high and fix for the future a new contract price covering the furnishing of articles or services after that time. The contractor is given no power of review, and it is possible that the new provision may be interpreted to mean that he must perform his contract and then sue for the difference between the original and the new contract price in the Court of Claims. If he refuses to perform the contract at the revised price, the Government may consider him in default, or the President may take possession of his factory pursuant to the existing statutory seizure provisions.

If the prevailing methods of Army purchase of processed vegetables and fruits continue in the future, it is not at all clear just how or when these repricing provisions would become applicable to contracts for the purchase of such products. The processor is now usually subject to a set-aside order, and sells, rather than contracts to sell, at the time he makes his contract with the Army. There does not appear to be any continuing contract, and, therefore, the circumstances under which repricing would usually take place would not be found in the usual purchase of processed seasonal fruits and vegetables or fish.

WFA Buys Canned Pilchards

The Office of Distribution of the War Food Administration reports the purchase of 12,200 cases of canned pilchards for use in government food programs, and to meet requirements of military and Lend-lease commitments.

Prices ranged from $4.59 per case for 48-1 oval tomato pilchards to $3.95 per case for 48-1 tall tomato pilchards. Natural pilchards were purchased at $3.61 per case for 48-1 talls and $3.65 per case for 48-300x407 containers. All prices are f. o. b. canneries.

Wholesale Inventory Factor for March is Set at Four

The processed foods wholesale inventory factor for the reporting period beginning March 5, 1944, and ending April 1, 1944, and for the period beginning April 2 and ending April 29, 1944, will be four, the Office of Price Administration said February 28. This is accomplished by Amendment No. 4 to Second Revised Supplement No. 1 to Revised Ration Order 13, which became effective March 2.

This is the same factor that has been in effect for the reporting period ending March 4.

For the "March" period, the wholesaler will determine his maximum allowable inventory by totaling his point sales and transfers during the "November," "December" and "January" periods, dividing by three to get the average for the three periods, and multiplying the result by the factor four.

For the "April" period, the manufacturer will use the average of point sales and transfers in the "December," "January," and "February" periods as a basis for determining his maximum allowable inventory.

The factor four has been used since January 30, when the "February" reporting period began. Earlier the factor had been five.

Fish Oil Set-aside Terminated

The War Food Administration has terminated Food Distribution Order No. 59, which required producers of crude fish oil to set aside a part of their production for government purchase. The order has been in effect since July 1, 1943.

Under FDO No. 59, producers have been setting aside for WFA purchase from their 1943-44 output the 2nd, 6th and thereafter every 6th tank car (60,000 pounds) of fish oil.

Ozark Canners Acquitted

A verdict of not guilty was returned on February 25 by the jury in the case instituted against the Ozark Canners Association, individual canners and others, charging canners with a conspiracy to fix, maintain, stabilize and depress the prices to be paid by canners to growers for raw tomatoes grown in Arkansas, Missouri, Oklahoma and Kansas and to fix, maintain, and stabilize at artificial and non-competitive levels the prices to be charged for tomatoes processed and sold by them.

The case went to trial in the U. S. District Court at Fort Smith on January 31.

Fresh Lima Bean Pack

The pack of fresh lima beans in 1943 totaled 1,864,080 cases of all sizes of containers, as compared with 2,452,028 in 1942. The 1943 pack by principal States was as follows:

States	Actual cases
Maryland	242,735
Delaware	327,373
Other Eastern States	344,290
Mich., Wisc., Ill., Ind	651,419
Other Western States	298,263
Total	1,864,080

Committee is Created to Study Puerto Rican Wage Rates

A special committee has been created under provisions of the Fair Labor Standards Act to engage in the study of wage conditions in Puerto Rican industries and to make recommendations to the Administrator of the Wage and Hour Division, U. S. Department of Labor.

Administrative Order No. 227, issued February 17, authorizes the creation of the committee and sets the date of March 15 for its first hearings in San Juan, Puerto Rico. The order states that the committee will first investigate minimum wage rates for employees in the sugar, rum, industrial alcohol, shipping, banking and insurance, tobacco and needlework industries, but will thereafter investigate conditions and recommend minimum wage rates for other industries in Puerto Rico. Personnel of the committee is as follows:

For the Public: Martin Travieso, Chairman, San Juan, Puerto Rico; Jose M. Gallardo, San Juan, Puerto Rico; John A. Lapp, Chicago, Ill.

For the Employees: Prudencio Rivera Martinez, San Juan, Puerto Rico; Francisco Colon Gordiany, San Juan, Puerto Rico; Charles V. Ernest, Baltimore, Md.

For the Employers: Rafael Carrion, San Juan, Puerto Rico; Jose Antonio Canals, Arecibo, Puerto Rico; Ramon Ramos Casellas, San Juan, Puerto Rico.

Jense, New N.C.A. Director

Wesley Jense, manager of the Pleasant Grove Canning Company, Pleasant Grove, Utah, is among the members of the Board of Directors of the Association elected to serve for three years at the recent annual meeting in Chicago. This announcement corrects a mis-spelling of Mr. Jense's name, which occurred in the list of 1944 Directors published in the INFORMATION LETTER for February 19.

Price Increase Permitted for Glass-packed Apples, Products

Canners who used glass containers for their 1943 pack of apples, applesauce, apple juice and sweet cider may increase their maximum prices by 20 cents per dozen above ceilings for the products packed in equivalent sized tin cans, under terms of Amendment No. 6 to Maximum Price Regulation No. 493 made effective March 4, by the Office of Price Administration.

The increase parallels that recently allowed in the case of glass-packed processed fruits and vegetables.

The higher prices are established, OPA said, to cover breakage, additional handling and higher labor costs involved in the use of glass containers.

The increased maximums are set for glass containers between the sizes of 11½ and 49 ounces, overflow capacity. They may be used only by processors who did not pack in glass during the base period (first 60 days after the beginning of the 1941 pack) and whose base prices, therefore, do not include increased cost of production.

Cloves and Pimento Quota Restrictions Dropped by WFA

Cloves and pimento (allspice) have been withdrawn from quota restrictions and quotas on mace and nutmeg have been raised, as a result of greater supplies of these spices due to improved shipping conditions, the War Food Administration reports. The changes, effective as of January 1, 1944, are announced in an amendment to Food Distribution Order 19.2.

The quota each packer may deliver is based on the quantity he delivered during the corresponding period in 1941. Quantities available to processors are based on the same period.

The quota on mace, based on 1941 supplies, has been raised from 40 to 80 per cent and the nutmeg quota from 60 to 70 per cent. Quotas on pepper, cinnamon and ginger are unchanged.

Spice quotas are as follows:

Spice	Previous Quota *Per cent*	New Quota *Per cent*
Black pepper, white pepper	40	40
Cassia (cinnamon)	35	35
Cloves	90	(withdrawn)
Ginger	100	100
Mace	40	80
Nutmeg	60	70
Pimento (allspice)	115	(withdrawn)

The amendment also provides that black and white pepper may be taken as a total of both or as one. The quota may be applied for either or both, according to the base period (1941).

RELATION OF LEND-LEASE SHIPMENTS TO U. S. SUPPLY

Total in 1943 Amounted to 5,744,000 Tons; FEA Breakdown of Canned, Dried Food Shipments

Leo T. Crowley, Foreign Economic Administrator, made the following statement March 1 on the relationship of Lend-lease food shipments to the total United States supply of important foodstuffs in 1943 and for the month of January, 1944:

Lend-lease food shipments are continuing to go almost entirely to the United Kingdom and the Soviet Union. Lend-lease shipments represent ten per cent of the food supply of the British Isles, which are the base of the combined British-American air offensive against Germany and for the coming invasion. Food shipments to the Soviet Union have made it possible to maintain the rations of the Soviet soldiers.

These food shipments have been large in terms of tons—5,744,000 in 1943—and relatively small in terms of United States supply.

In 1943 we shipped under Lend-lease a little over one per cent of our total beef and veal supply, about 11 per cent of our lamb and mutton and not quite 15½ per cent of our pork. This amounted to three-tenths of an ounce per week of beef and veal from each United States civilian, the same amount of lamb and mutton and five ounces of pork. In January, 1944, shipments of beef, veal, lamb and mutton took a larger proportion of the supply than the average monthly shipments in 1943, while shipments of pork were less than in 1943.

To make all the milk products shipped under Lend-lease in 1943, including dry whole and skim milk, condensed and evaporated milk, butter and cheese, it took less than four per cent of our total fluid milk production. January, 1944, shipments were at a rate slightly below that of 1943. Among the milk products, we sent in 1943 over 40 per cent of our dried skim milk and less than four per cent of our butter. Lend-lease butter shipments amounted to two-tenths of an ounce per week per civilian. Both butter and dried skim milk shipments were at a lower rate in January, 1944, than in 1943.

We shipped 16 per cent of our edible fats and oils, including lard, oleomargarine, rendered pork fat and various vegetable oils, but excluding butter. January, 1944, shipments took a slightly lower percentage of our supply of these fats and oils than the average monthly shipments in 1943.

Not quite 12½ per cent of our record 1943 egg production was used to supply the dried eggs that were shipped in 1943 under Lend-lease. Eggs are shipped under Lend-lease only in dried form.

The 1943 Lend-lease shipments of canned vegetables used one and one-half per cent of our canned vegetable supply and not quite seven per cent of our canned fruit and fruit juice supply. This amounted to three-tenths of an ounce per week of canned vegetables from each United States civilian and eight-tenths of an ounce of canned fruits and fruit juices. In January, 1944, we sent out a little over three and one-half per cent of our canned fruit and fruit juice supply and two per cent of our canned vegetables.

We shipped over 20 per cent of our dried fruits, 11 per cent of our dried beans and not quite 10 per cent of our dried peas in 1943.

The following table shows the relationship of Lend-lease canned and dried food shipments to United States supply and the amounts involved for each civilian:

	Exports in % of supply		Exports—oz. per week per U. S. civilian	
	Year 1943	Jan. 1944*	Year 1943	Jan. 1944
Canned fish	26.8	5.6	0.6	0.1
Canned fruits and juices	6.9	3.6	0.8	0.4
Dried fruits	20.3	14.6	0.7	0.5
Canned vegetables	1.5	2.0	0.3	0.3
Dried beans	11.4	13.9	0.8	1.0
Dried peas	9.9	24.0	0.3	0.7

* Assumes the supply for January, 1944, as one-twelfth the total estimated supply for the entire year.

Shoup Heads New England OPA

Eldon C. Shoup has been appointed Regional Administrator of the Office of Price Administration for New England, replacing Kenneth Backman, who comes to the Washington office of OPA as consultant.

Illinois Elects Officers

Officers elected for 1944 by the Illinois Canners Association are: President, G. S. Suppiger, G. S. Suppiger Co., Belleville; vice president, Lou Ratzesberger, Illinois Canning Co., Hoopeston; secretary-treasurer, W. D. Jones, Streator.

Can Sizes for Tomato Catsup

The War Food Administration has issued a correction of its official text of Table I of Food Distribution Order 22.6 (the set-aside order). In their original version, which was published in the February 19 issue of the INFORMATION LETTER, the can size column of the table (Col. I) for tomato catsup was worded by WFA as follows: "10-3 cyl., 12½-2, 14 oz. glass or larger." WFA corrects this to read: "10-3 cyl.-2½-2-14 oz. glass or larger."

New "A" Award Winners

Seven more canning companies have been granted the War Food Administration achievement "A" awards for outstanding performance in food production. Added to those reported in the INFORMATION LETTER for February 26, the new list brings the total to date to 24 firms and a total of 82 plants. The seven new announcements follow:

Barron-Gray Packing Company, San Jose, California.

Burnham & Morrill Company — Plants at Auburn, Farmington Falls, Norridgewock, Fryeburg, Harrison, Livermore Falls, North Turner, West Farmington, Maine; Pittsfield, New Hampshire.

Campbell Soup Company, Camden, New Jersey.

Exchange Orange Products Company, Ontario, California.

McCormick & Company, Inc., Washburn, Maine.

Sharp Canning Company, Rockford, Ohio.

Stokely Bros. and Company—Plants at Greenwood and St. Paul, Indiana.

USDA Insecticide Bulletin

The nature of the chemicals more commonly used to control insects on fruits, vegetables, and flowering plants is discussed in a publication entitled "Insecticides and Equipment for Controlling Insects," published by the U. S. Department of Agriculture.

A section is devoted to a discussion of spraying and dusting equipment and information is given on how to prepare insecticides for use against many common insects. It is pointed out that careful application of minimum amounts will do a better job than careless use of large quantities, and that the aim should be to mix the material thoroughly and apply it as a light, even coating to the parts of the plant affected by the insect.

Copies of the bulletin (Miscellaneous Publication 526) may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C., for 10 cents each.

No Cans for Pet Foods

Interpretation No. 2 of Order M-81, issued March 1 by the War Production Board, specifies that the order is intended only to permit foods for human consumption to be packed under its provisions, and that pet foods may not be packed in metal containers.